[President.]

Now, honourable members of the Legislature, faced with such problems, it is necessary for us to deal with the question of our revenue and expenditure in the light of the issues raised. We are a poor people here. Very many people do not appreciate how poor we are. Travancore is a country which, to distinguished visitors, appears to be a land of smiling plenty. One very eminent visitor has remarked that there does not seem to exist any interval between house and house, that this country is a country of gardens and garden houses. Yes, that is so. But that land of garden houses is a land in which each man has one-fourth of an acre or half an acre or one acre to bless himself with and therefore the position is that whereas there is no destitution in this country, whereas there is no famine in this country, there is no capital either. Perhaps that is an advantage. But when we are dealing with a practical financial programme, philosophical disquisitions on the advantages of having just enough to live upon are not much of a consolation. Thus it is necessary for me to emphasise this aspect of the matter, *viz.*, that Travancore is a land of the upper and lower middle classes. Ours is not a land of prosperous financiers. Our taxation programme, our financial policy has to be adapted to the conditions existing in this country. What is the canon of taxation for such a people? We may in this connection profitably go back for nearly 2,000 years. I was the other day reading Kautilya's *Arthasastra* and Sukra's *Nitisara*. One of the points Kautilya emphasises is the maxim of the "inconspicuousness" of taxation. That is, the man who was to pay the tax should not obviously feel the pinch of it and Kautilya has stated that amongst the best specimens are the taxes on oil, ghee, salt and mining and such other sources which are today the backbone of our fiscal system. According to Sukra's *Nitisara*, it may be noticed that military expenditure was fixed at about 20 to 30 per cent. and the cost of administration at 12 per cent.

Emphasis was laid on "non-tax" receipts and on State undertakings as likely and useful sources of legitimate revenue. It is marvellous that so many centuries ago it was stated that one of the best methods of inconspicuous taxation was to resort to some State undertakings. The State Transport system, the Ceramic Factory and the Electrical Scheme, have the authentic imprimatur of Kautilya and Sukra, as all these schemes deal with primal necessities and are bound to bring in revenue without inducing a sense of oppressiveness. There is a further observation that I may be permitted to make. Dealing with the question of the object of taxation, it was stated that the development of the State's ultimate resources is the function of Government and should be kept in view by the taxing authority. In very picturesque and strong terms, this is what Kautilya said :

समुदायिकेष्ववक्लृप्तिकं
व्ययमुपहत्य राजाऽनुतप्येत

The Raja will suffer who does not concentrate upon expenditure which may be characterised as productive. These are the principles

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which I submit are as true to-day as they were long ago. They have not been always kept in view by financiers either in Europe, America or here, though they are sound canons of taxation.

What about our revenues? Our revenues this year are estimated at about Rs. 285 lakhs. The revenues of Gwalior, Kashmir and Baroda according to 1939 figures vary between Rs. 255 and Rs. 260 lakhs. In Mysore the Revenue is nearly Rs. 4 crores, thanks to its active and well-directed agricultural and industrial policy. Next to Hyderabad and Mysore, therefore, with our small area of about 7,600 square miles, we get the highest revenue in Indian India. I hope with the Financial Secretary that with the development that we expect from our industrial resources, in the next year's budget, the revenue will reach Rs. 3 crores. But these Revenues are not raised in a burdensome manner and I can confidently direct the attention of the honourable members of the Legislature to those pages of the Financial Secretary's speech in which he has made a comparison and contrast between the taxation here and taxation elsewhere. We are not indulging in excessive taxation.

What are our assets and the prospects? Now I shall deal with the most potentially valuable item which is the Pallivasal Hydro-Electric Scheme. It will be noted that the K. D. H. P. Company has electrified its undertakings from Pallivasal. Very recently I addressed the planters of the Peermade area and I have some hopes of their willingness to electrify their estates and thus they will be very large consumers of our power. The A. D. Cotton Mills and the Sri Chitra Mills have electrified their factories. So also have the Punalur Paper Mills and the Kundara Factory. It is also contemplated to extend this electrical power for the purpose of lift irrigation and for intensive agriculture in many areas, and incidentally also to help in increasing the growth of tobacco and sugar-cane which are commercial crops. Now, some figures may be useful in this connection. The total connected load from the Pallivasal Hydro-Electric Scheme is about 4,000 K. W. as against the present capacity of 9,000 K. W. and the ultimate capacity is 31,000 K. W. If the Aluminium Factory comes into operation it would practically consume the whole of our available output at the moment.

A word about the Aluminium Factory. I find that there has been some misconception on that matter. The Aluminium Company is one which is run by a syndicate partly British and partly Canadian and it will be known to the honourable members that the immediate and extensive production of aluminium is an all-India necessity. In a communique issued on July 20th from Simla, the Government of India have announced the steps taken for the encouragement of the production of aluminium by means of exempting the import of alumina from payment of duty so that the raw materials that we have to obtain for the work of that factory will be exempt from duty. That is a very timely gesture on the part of the Government of India. It also shows what importance they attach to the growth of the aluminium industry. It goes without saying that the aluminium of to-day has almost taken

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the place of the iron of yesterday. It is used both in the form of alloy and in its own native form, and for the manufacture of munitions and armaments, aluminium is indispensable. Our idea is that we should make every effort to start that industry and the honourable members of the two Houses of Legislature will be glad to learn that not many days ago I sent my confirmatory telegram to the Company accepting the revised terms which were under negotiation between that Company and this Government. The factory itself will be started in Alwaye and will consume at first not less than 4000 K. W. and 3000 K. W. very soon thereafter. The actual work of construction will take an year and to have it in full running order, it may require a year or a year and a half. It is expected directly and indirectly (by the starting of subsidiary industries) to enhance our industrial status. The Telephone Extension is also a great commercial convenience and is an element of progressive industrialisation. Quite recently, thanks to the visit to this country of Dr. Gilson on behalf of certain American Mineral Companies and thanks also to the disinterested and generous labours of my friend Mr. C. K. Krishnaswami Pillai, Professor of Geology, Presidency College, Madras, a geological survey of some portions of the State has been made in respect of mica and graphite, and it has been discovered that we are also specially well supplied with limestone. In fact, on the borders of this State and British India there seems to be one whole hillside which is composed of pure limestone. This means a lot for cement production as we have one of the basic materials on the spot. It will be the object and ambition of this Government to develop cement manufacture on a large scale. This will also require electric power in large quantities.

I do not wish to say anything more than what is contained in the Financial Secretary's statement on the ceramic industry; but I may add that already a very large number of enquiries have come to us from paper mills, potteries and from manufacturers and producers of ceramic ware and we are confident that it will be one of the major undertakings of the State.

The Transport Scheme has survived its "growing pains" and the many obstacles that it encountered at the outset, and is now fortunately recognised as a profitable and valuable item of the State's activities, notwithstanding the present rapid increase in the cost of spare parts, oil, petrol, etc.

I am also glad to say that research is proceeding on the right lines with regard to our mineral sands. The University is experimenting on thorium and its uses and the possibilities of producing luminiscent paints. The University, although started very recently, has already justified its existence. It was intended, among other things, to be a centre of research, as an instrument for enhancing the prosperity of the State, as an instrument for forwarding the cause of applied science. The Department of Research presided over by Dr. Moudgil, to whose work I must pay a special tribute of praise has done fine work in this connection and he has been ably assisted by a band of

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enthusiastic and most capable adjutants. The University's researches in the matter of oils and in the matter of lubricating re-agents have given us valuable results so much so that we are hoping that by means of work done on Diesel Oil, we might be able to run our Transport buses with the minimum dependence on petrol. Those experiments will be continued and translated into a commercial proposition. If experiments are successful we shall not be depending solely on petrol for our Transport system. And that is saying a great deal. As honourable members probably may realise, fine work has been done with regard to salt. Fine work has been done with regard to timber. The University has also done and is doing much useful work in connection with our fisheries.

It is a matter for special congratulation that researches and experiments in the matter of shark liver oil have proved conspicuously successful. The shark is a fairly frequent visitor but he was dreaded and unwelcome except on the part of those who needed shark's fins. Now we have to welcome the sharks with open arms and there must be special rece tions held for them because it has now been found that the oil extracted from the liver of the shark contains more potent vitamin and is three or four times as efficacious as the ordinary cod-liver oil of commerce. The only drawback till now has been the odour of the oil and steps are being taken to refine it. If those steps are successful, a great market will open up. Already hospitals of the State are being supplied with the shark liver oil and experiments have been pronounced by the Head of the Department to be successful.

I now come to a very important subject, *viz.*, forests. One of the things which impress a person like myself who has had some knowledge of forest administration elsewhere is the terrible waste of the forest resources of this country and their imperfect utilisation. The manner in which reckless and wasteful disafforestation is taking place is mournful to contemplate. Forest fires, started for fugitive cultivation and without safeguards against spreading, are of daily occurrence in places like Peermade, Munnar and Shencottah. The soil so disturbed is loosened in the next monsoon and falls into the streams and rivers and raises the level of the river beds, thereby causing more frequent floods and the hill sides become barer and less fertile as year succeeds year. This has to be prevented and no precaution is too much in this direction, because hills and forests so to say are literally the source of our prosperity. I find also that there is no sufficient advertance to terrace cultivation on the hill slopes. There is not enough adherence to those maxims of forest development and forest exploitation and forest planting that have made Norway and Sweden very rich countries notwithstanding their many handicaps. These countries have practically no arable lands and live on by means of their forests. We must take a lesson from them. The denudation of forests and the reckless registration and fragmentation of forest areas have to be prevented at all costs and a new policy initiated. This new policy involves the sale of our soft woods and the production of enough soft woods. Cardamom has now become an important monopoly crop but the prosperity of the planters has been

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affected by pests against which a scientific campaign has been started. But the cardamom planter relies for his market and his sales on outside agencies. It will be the object of this Government to make Travancore the centre not only of production but of marketing and salesmanship.

I am glad to announce that Government have entered into negotiations with one of the biggest industrialists of India for the purpose of taking the Rubber Factory on lease on condition that Travancore artisans and workmen will be trained and Travancore men will be enabled to run the factory as soon as practicable. This lease will resuscitate an industry which at this juncture is vital from every point of view. It is hoped that successful results will follow and that the factory will be re-opened in the course of a few weeks if not in a few days.

Another matter engaging our attention is the starting and stimulating of beedi cultivation. We import nearly Rs. 2 lakhs worth of beedi leaves from outside. Many poor classes of people indulge in beedi, because they must indulge in something. It is necessary to deal with that want and supply it. We are attempting to do so. The Agricultural Department has been charged with the task of not solely relying upon rice but of trying to cultivate other crops like soya beans and tobacco and also of introducing scientific methods and terraced cultivation. Much can be achieved if the Co-operative Department also came into the picture and concentrated upon producers' societies and marketing organisations. But this can only be done if the Co-operative Movement is flourishing in the State. I do not wish to say anything more on this subject now, but I trust that the crisis that has overtaken the movement will at least stimulate those interested in it to new and re-oriented efforts so as to ensure that the Co-operative Movement is an asset to the State and not a liability.

Not long ago I was speaking to the Planters of Peermade enjoining on them the importance of growing potatoes and other vegetables on the hills of Munnar and Peermade. A very big export trade in vegetables has been inaugurated where the climate is favourable. Why should it not be possible here also where conditions are analagous, as in the High Ranges and Peermade? Not only the Planters but the middle class owners of land on the hills also can take up such cultivation.

This Government attach a special importance to fisheries. In fact I must be considered to be a fish fanatic. The food of the country is largely rice, tapioca and condiments. Rice by itself has its drawbacks as an article of nutrition. Tapioca is filling but comparatively innutritious. Chillies and condiments as articles of food are open to serious criticism. But a combination of fish, tapioca or hand-pounded rice and chilly would be a very different proposition. In the matter of production of fish, Travancore occupies a very high place in India. Sardines are available here. This is a place where prawns grow even in paddy fields. Curious to say, during floods, prawns are washed into the paddy fields and remain behind and grow until the flood subsides and the landholder in addition to his rice crop finds prawns as a side crop. Besides

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sardines and prawns we have abundant supply of many varieties of fresh water and sea water fish. But on account of lack of facilities for transport, enough fish is not consumed by the people of the State. Arrangements are therefore being made to utilise fully our refrigerating and cold-storage plant and to facilitate transport so that fish can be taken in perfect condition from village to village and from town to town for the consumption of the people so that their health and strength may be enhanced by obtaining a more nutritious diet. In this and in other matters the help of the University is needed and this help is being freely and ungrudgingly given. I have dwelt on certain enterprises on which the State is engaged. If we have such nation building programmes before us, how shall we finance them? Shall we borrow money or shall we resort to fresh taxation? I would undoubtedly have said 'borrow' because, as has been pointed out by the Financial Secretary, our public debt is negligible and is nothing compared with the public debts of civilised Governments. In fact Sir Visveswara Aiyya from whom a quotation was made in the Financial Secretary's speech used to say that a country which has no big public debt is not really civilised. We may or we may not be entirely at one with him in that opinion. But at the same time it is a wise policy to borrow for capital schemes because many of such schemes benefit not only this generation but the succeeding generations, and posterity should also shoulder its share of the burden. But it need hardly be said that this is not the time for borrowing and therefore it is that we have thought it safer to impose just enough taxation to meet our present needs. And that taxation is a taxation on companies which anyhow have to pay tax here or elsewhere. Take for instance a tea company or a mineral company. Owing to the operation of the present Income Tax Law in British India and elsewhere what we now do is by taxing them less than in British India, we are giving them no particular benefit but we lose the difference between the British Indian tax and our tax. And that is why in the case of companies, provision is made that our taxes should be brought to the level of British India. So far as the Income Tax, the Excess Profits Tax and Super Tax are concerned we have been taxing less than in British India and even now our proposal is that only the incomes above Rs. 5,000 are to be reassessed.

Honourable members know that the life of the Legislature has been extended by another year. This is due to the policy and expediency of not having controversial discussions on election platforms at this juncture when our energy has to be diverted to fundamental and urgent matters.

I have done. In commending this budget to your notice and approval let me say that this budget has been framed with advertence to our general political outlook and our financial necessities *in esse* and *in posse*. With regard to ourselves,—Indian States generally and Travancore in particular—we are following a certain system of Government and a policy, namely, the system in vogue to-day. Before

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[President.]

people talk facilely of changing such a system and of embarking on a policy of so-called independence, let them remember that even an abstract discussion of independence involves and connotes and must necessarily result in loosening and finally snapping the ties that bind Indian States by treaty and other obligations to Great Britain. That snapping of the ties cannot take place at the instance of one party or another. That fundamental modification must be a consensual act as between Indian States and the British Government. I may even go to the extent of saying that even if the British Government at this juncture were willing to make a declaration as to independence, Indian States will have a say in the matter because there are two parties to this contract and unless and until we are able to stand on our own legs and effectively to defend ourselves under modern conditions and fulfil our own destinies and follow our own ideals and plans, England, has a duty to Indian States, which I feel sure she will not fail to discharge. And until we are able to enter into new arrangements with her, this one-sided talk cannot but be ineffective and purposeless if not dangerous. If without such consensual settlement India is granted or promised complete independence, each Indian State will have and probably insist on its right to self-determination and evolution on its own lines. The unity of India will be endangered and harmonious progress jeopardized. This is what I have endeavoured to point out during recent controversies and discussions.

With these words I commend the budget to your notice.

The joint sitting terminated at 1-5 P.M.

The Assembly met at 2 P. M. with the Dewan President in the Chair.

LEGISLATIVE BUSINESS.

THE TRAVANCORE DEBT RELIEF BILL.

MR. R. SAMBASIVA AIYAR: Sir, I beg to move the following amendment:

"In Clause 4, add the following as a new sub-clause: "sums borrowed on the pledge of gold or gold ornaments."

The object of my amendment is as follows: Many have borrowed on the pledge of gold or gold ornaments. This is mostly due to the economic depression and the passing of the Travancore Agriculturists' Relief Act and more particularly by the agitation carried on in the country by a large number of disgruntled planters of Kanjirapally by which credit became very much restricted; and it was not possible for poor persons to get credit from their neighbours and gold became the only resource for raising money. Therefore there are a large number of transactions on the pledge of gold or gold ornaments. This was not such a prominent feature of our credit transactions some time back, *i. e.*, before the agitation was started. But after the agitation this was the only source for raising money. Now, due to world conditions, as everybody knows, gold has gone up in value. The sovereign which used to sell at Rs. 13-6-0 some time back is now selling at very near Rs. 29. It went up to even Rs. 32 and odd, a fortnight back. So one thing we cannot say, namely, that the argument of economic depression will apply

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